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GENERAL GOVERNMENT
DIVISION

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The Honorable Bob Price
House of Representatives

Dear Mr. Price:

Pursuant to your request dated August 3, 1973, and subsequent meetings with you, we made a review of the fees paid by Bankruptcy Judge (Frank R. Murray), Lubbock, Texas, to auctioneering firms, including the payments to Ernest St. Clair, Inc., Amarillo, Texas, for the 3-year period ended June 30, 1973.

Rule 606(c) of the Rules of Bankruptcy Procedures, promulgated by the U.S. Supreme Court, provides that auctioneers are appointed only upon an order of the court fixing the amount or rate of compensation. The rate of compensation, as fixed by the U.S. District Court for the Northern District of Texas, is 5 percent of the sales price for commissions plus reasonable expenses limited to 5 percent of the sales price.

Documents on file showed that the commissions and fees paid to auctioneers were generally in accordance with the amounts fixed by the Bankruptcy Court.

We found that in 24 of the 27 cases awarded during the 3-year period, the auctioneer's fee included a commission of 5 percent of the sale price of the property sold. In two cases, only expenses were paid and in the third case we were unable to determine the basis of the \$50 fee; however, it was well below the 5 percent limitation. In one of the 24 cases, the commission was for finding a buyer rather than conducting an auction.

In 25 of the 26 cases in which records showed that the auctioneer's fee consisted of or included payment for auction expenses, we found that this payment amounted to 5 percent or less of the sale price. In one case, these expenses exceeded 5 percent of the sale price but included the cost of advertising property for which no bids were received.

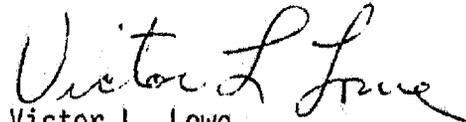
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We trust that the information furnished will be of assistance to you.

Sincerely yours,

A handwritten signature in cursive script that reads "Victor L. Lowe". The signature is written in dark ink and is positioned above the printed name and title.

Victor L. Lowe
Director